



MINUTES OF THE CALIFORNIA INFRASTRUCTURE AND ECONOMIC DEVELOPMENT BANK

For the meeting held on
Wednesday, December 17, 2008 -- 1:30 p.m.
1001 I Street – Sierra Hearing Room
Sacramento, California 95814

Chairman Dale Bonner called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:35 p.m.

1. Call To Order and Roll Call.

The following Board members were in attendance:

Dale Bonner, Secretary of the Business, Transportation and Housing Agency.

Tom Sheehy represented the Director of the Department of Finance.

Francisco Lujano represented the State Treasurer.

Rosario Marin, Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee.

The following I-Bank staff members were in attendance:

Stan Hazelroth, Diane Cummings, Paula Connors, Molly Arnold and Shelly Renner.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board the following:

- The I-Bank issued \$1.2 billion in conduit revenue bonds in the first two quarters of fiscal year 2008-2009.
- An inducement certificate was issued for Poseidon Resources (Channelside) LLC or a related entity for a not-to-exceed amount of \$480 million to construct a seawater desalination project in Carlsbad, California.
- Since the last board meeting the following events related to the \$77 million in 501(c)(3) conduit bonds issued by the I-Bank in 2007 on behalf of COPIA: The American Center for Wine, Food and the Arts had taken place:
 - On November 23, the press reported that COPIA had literally closed its doors and posted notices that it was "temporarily closed."
 - Subsequent press reports contained statements by COPIA's executive director that COPIA would reopen on December 1.
 - Instead of reopening on December 1, COPIA filed for reorganization under Chapter 11 of the Bankruptcy Code.
 - As required by the bond documents, on December 1, the bond trustee made the semi-annual bond interest payment from the reserve account established to secure the bonds.

(The December 1 events were previously reported to the board in a letter dated December 5, 2008, a copy of which was included in the board package.)
- It is unclear what the next step for COPIA will be. It appears likely that future payments on the I-Bank bonds will not be made from loan payments made by COPIA but from the remaining moneys in the reserve fund and any payments made by the bond insurer under either its reserve fund surety bond or its bond insurance policy. The next interest payment on the bonds is not due until June 1. I-Bank staff, along with bond counsel for

the I-Bank, have spoken with staff of the bond trustee and bond insurer about tax-law limitations that apply to any sale of the real property financed with bond proceeds.

- COPIA is the only conduit revenue bond default the I-Bank has experienced, and at \$77 million, the transaction constitutes .2% of the I-Bank's portfolio.

Chairman Bonner commented that the Board appreciated the work the I-Bank had done over the last year. Mr. Sheehy remarked that the Poseidon seawater desalination appears to be a good project and it has received positive feedback.

Consent Items:

3. Approve minutes from the meeting held on November 20, 2008.

Chairman Bonner called for questions or comments from the Board and the public. Hearing none, he entertained a motion to approve this consent item. Mr. Sheehy moved to approve the minutes and Mr Lujano seconded the motion. The minutes were unanimously approved.

Action Items:

4. A resolution approving Infrastructure State Revolving Fund Program financing for Fieldbrook Glendale Community Services District, in an amount not to exceed \$300,000 to finance a public development facility in the County of Humboldt known as the Anker Lane Roof Replacement Project.

Ms. Cummings. presented a staff report describing the request to finance up to \$300,000 for Fieldbrook Glendale Community Services District (District) for the Anker Lane Roof Replacement Project (Project), and described the District's need to replace a deteriorating roof on a water tank with a pre-manufactured aluminum geodesic dome to ensure a safe and reliable water supply for the community and to continue to support water objectives set out in Humboldt County's General Plan.

Chairman Bonner called for questions or comments from the Board or the public. Hearing none, he entertained a motion to approve Resolution No.08-36. Ms. Marin moved to approve the resolution and Mr. Lujano seconded the motion. The Board unanimously approved the resolution.

Other Non-Action Business.

Chairman Bonner called for any other business; there was none.

Public Comment.

Chairman Bonner called for any public comment; there was none.

Adjournment.

Chairman Bonner declared the meeting adjourned at approximately 1:55 p.m.